

CITY OF BOISE

Office of Budget Development & Monitoring Economic Brief

Ryan McLean, Sr. Budget Analyst & Brent Davis, Budget Manager

Volume 7

Quarter 3 (CY)
2015

(July 1–September 30)



Special Points of Interest

- Boise's unemployment rate remains at 2.6%
- Airport passenger traffic continues to do well

Inside this issue:

Quarterly Summary	1
Employment Data	1-4
Construction Activity	5-6
Housing Trends	7
State Sales Tax	7
Airport Data	8

100 basis points = 1%
CY = Calendar Year
Q = Quarter
YOY = Year-Over-Year
MSA = Metropolitan Statistical Area

Quarterly Summary

Employment	↑	The labor force in Boise continues to grow and the unemployment rate remains low at 2.6%.
Construction	↑	Single family permit revenue is up 63.4% over last year, which is a good sign for the construction industry.
Housing	—	Total foreclosure inventory made a discouraging jump during the middle of the third quarter; however, the numbers showed signs of improvement by the end of the quarter.
Sales Tax	↑	Sales tax receipts increased by 8.0%, over last year. Sales tax revenue is expected to remain strong.
Airport Traffic	↑	Total air passenger traffic increased by 9.4% over the prior year.

NOTE: Signs indicate a general economic outlook compared to the previous quarter and/or year.

Employment Data ↑

Total employment in the third quarter is up 3,941 jobs, or 3.6%, compared to last year. Compared to the prior quarter, total employment fell by 1,521 jobs, or 1.3%. When compared with the prior year, the unemployment rate for Boise in the third quarter is down 160 basis points, from 4.2% to 2.6%. When compared to the prior quarter, the unemployment rate for Boise stayed the same at 2.6%. Relative to comparable cities in the western United States, Boise continues to post low unemployment numbers. The unemployment rate for Boise in September was 90 basis points below the Boise MSA, 50 basis points below Ada County, 110 basis points below Idaho, and 230 basis points below the United States.

The unemployment rate measure includes jobless individuals who are available and have actively looked for work in the past four weeks. Since this statistic does not include discouraged or underemployed workers, parts of the employment picture may be missing. Underemployment is a complex and difficult statistic to measure; however, the Bureau of Labor Statistics (BLS) created a measure (called U-6) designed to more broadly measure unemployment by counting unemployed (including long-term job seeking), temporary workers, and part-time workers (those that are part-time for economic reasons). For this June measure, Idaho was ranked as the 15th best state in the country at 8.9% of the labor force. According to this BLS measure, Idaho had better than average underemployment conditions compared to the rest of the Country during this timeframe.

NOTE: This quarterly brief is based on the calendar year, not the fiscal year, unless otherwise stated

Employment (continued)

Jul '15 (Revised)					Jul '14 (Actual)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	118,683	115,646	3,037	2.6%	116,488	111,805	4,683	4.0%
Ada County	216,979	210,083	6,896	3.2%	211,744	203,106	8,638	4.1%
Boise MSA	325,536	313,419	12,117	3.7%	317,955	303,406	14,549	4.6%
Idaho	810,320	778,812	31,508	3.9%	789,920	754,166	35,754	4.5%
United States				5.6%				6.5%

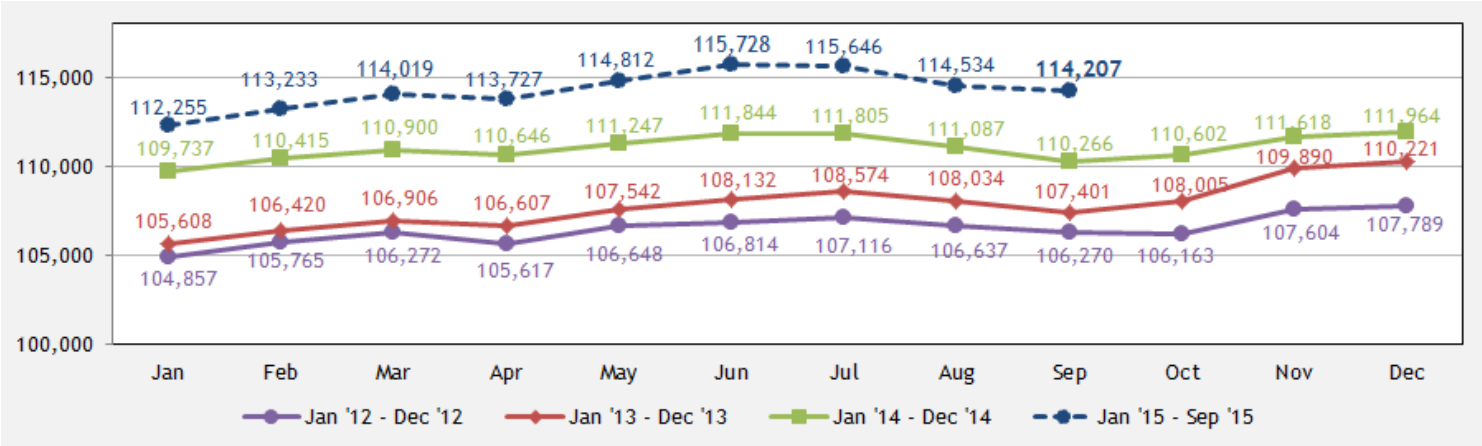
Aug '15 (Revised)					Aug '14 (Actual)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	117,764	114,534	3,230	2.7%	115,828	111,087	4,741	4.1%
Ada County	215,185	208,064	7,121	3.3%	210,684	201,802	8,882	4.2%
Boise MSA	322,760	310,452	12,308	3.8%	316,032	301,276	14,756	4.7%
Idaho	803,416	771,288	32,128	4.0%	783,212	746,908	36,304	4.6%
United States				5.2%				6.3%

Sep '15 (Preliminary)					Sep '14 (Actual)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	117,216	114,207	3,009	2.6%	114,534	110,266	4,268	3.7%
Ada County	214,031	207,470	6,561	3.1%	208,327	200,310	8,017	3.8%
Boise MSA	321,155	309,848	11,307	3.5%	312,516	299,312	13,204	4.2%
Idaho	801,347	771,651	29,696	3.7%	777,053	744,619	32,434	4.2%
United States				4.9%				5.7%

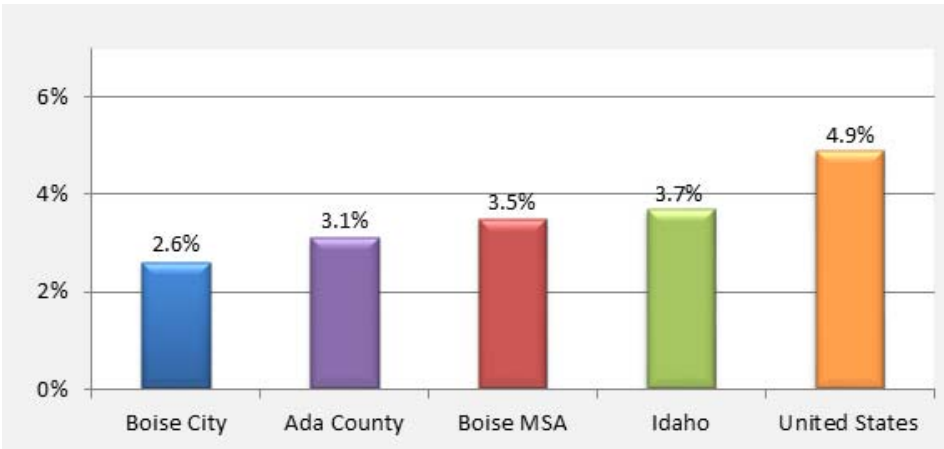
CY Q3 '15 (Average)					CY Q3 '14 (Average)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	117,888	114,796	3,092	2.6%	115,617	111,053	4,564	3.9%
Ada County	215,398	208,539	6,859	3.2%	210,252	201,739	8,512	4.0%
Boise MSA	323,150	311,240	11,911	3.7%	315,501	301,331	14,170	4.5%
Idaho	805,028	773,917	31,111	3.9%	783,395	748,564	34,831	4.4%
United States				5.2%				6.2%

Employment (continued)

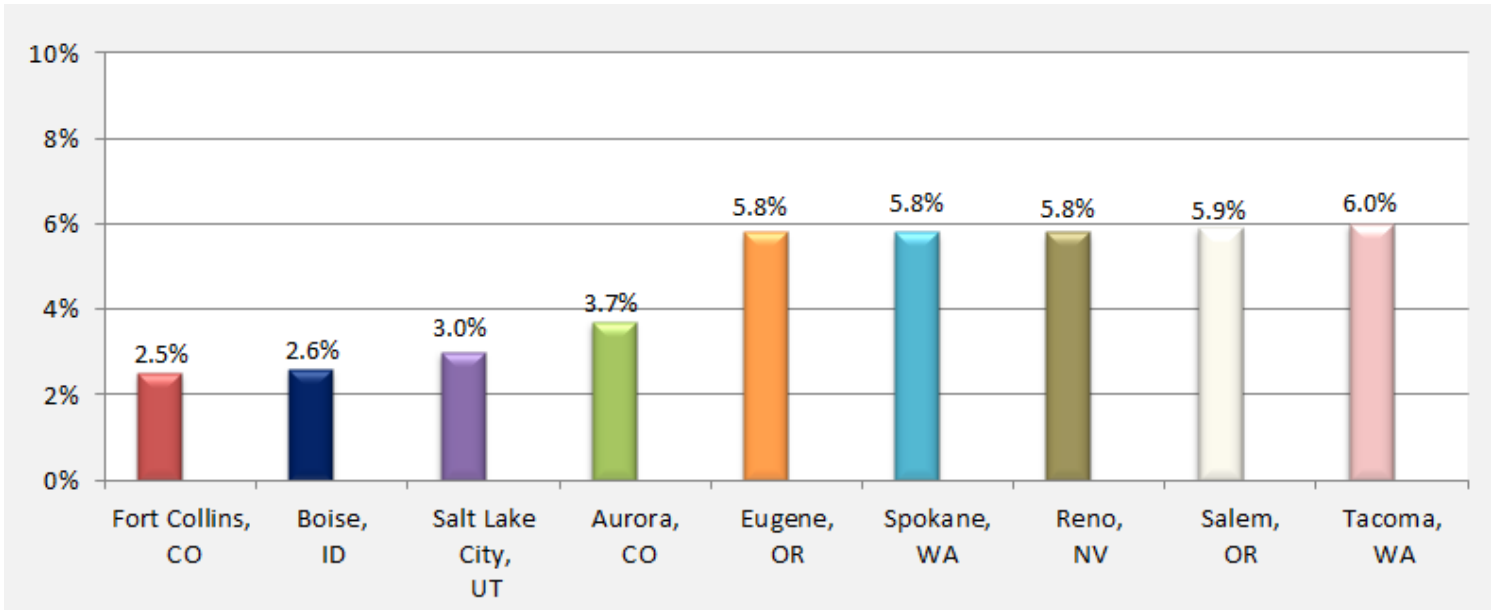
Total Employment



September Unemployment Rate



September Unemployment Rate - Comparative Cities



Source: U.S. Bureau of Labor Statistics, data through September (not seasonally adjusted)

Employment (continued)

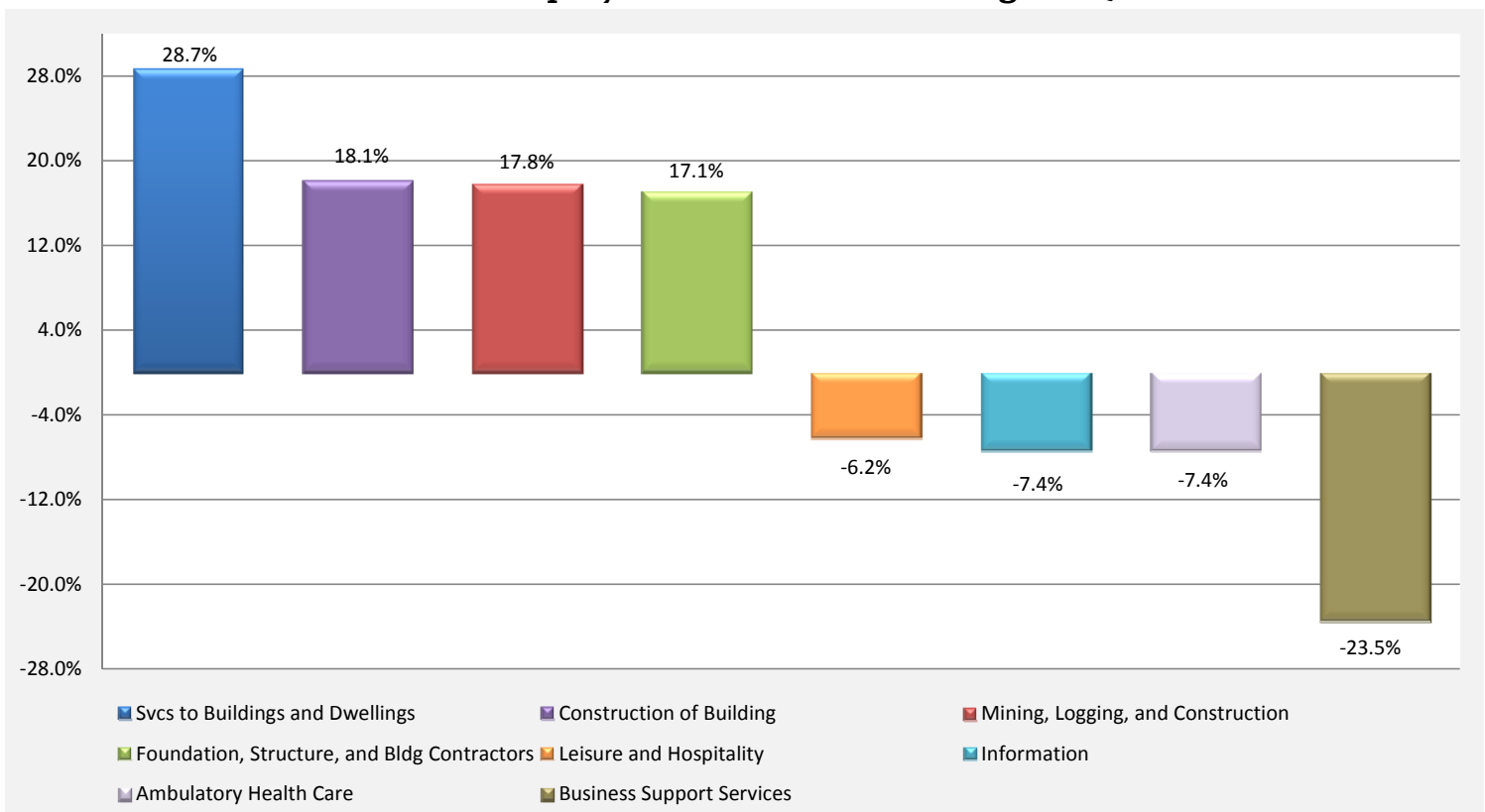
Boise MSA Non-Farm Employment Sector Information

The Boise MSA has 54 different employment sectors that respond differently to current economic conditions. The following table highlights the 4 best and worst performing industries compared to both last quarter and last year. During the third quarter, Services to Buildings and Dwellings had the largest percentage increase of jobs yet again, at 28.7%, compared to last year. Generally, construction continued the trend by posting another strong quarter in multiple sectors. Business Support Services, once again, had the largest decrease, 23.5%, compared to last year.

<u>Quarter over quarter</u>	# Jobs	% Change	<u>Year over year</u>	# Jobs	% Change
<u>Gains</u>			<u>Gains</u>		
Mining, Logging, and Construction	4,800	8.4%	Svcs to Buildings and Dwellings	3,900	28.7%
Foundation, Structure, and Bldg Contractors	600	7.9%	Construction of Building	1,900	18.1%
Construction of Building	900	7.8%	Mining, Logging, and Construction	9,400	17.8%
Specialty Trade Contractors	2,500	6.7%	Foundation, Structure, and Bldg Contractors	1,200	17.1%
<u>Losses</u>			<u>Losses</u>		
Total Government	(8,800)	-6.4%	Leisure and Hospitality	(5,600)	-6.2%
Local Government	(8,300)	-10.6%	Information	(1,000)	-7.4%
State Government Education	(1,600)	-11.3%	Ambulatory Health Care	(3,400)	-7.4%
Local Government Education	(10,500)	-20.8%	Business Support Services	(4,800)	-23.5%

Data through September, data not seasonally adjusted

Boise Non-farm Employment Sector YOY Changes - Quarter 3



Source: Idaho Department of Labor (not seasonally adjusted)

Construction Activity

Construction activity in Boise was positive in the third quarter and continued to do well when compared to the prior year as well as the prior quarter. Total permit revenue in the third quarter increased by \$381.0k, or 17.1%, compared to last year. Compared to the prior quarter, total permit revenue increased by \$272.7k, or 11.6%. Total permit value increased by \$96.3M, or 59.5% over last year. Compared to the prior quarter, total permit value increased by \$47.6M, or 22.6%. Total permit volume increased by 650 permits, or 12.9%, over last year. Compared to the prior quarter, total permit volume decreased by 24 permits, or 0.4%.

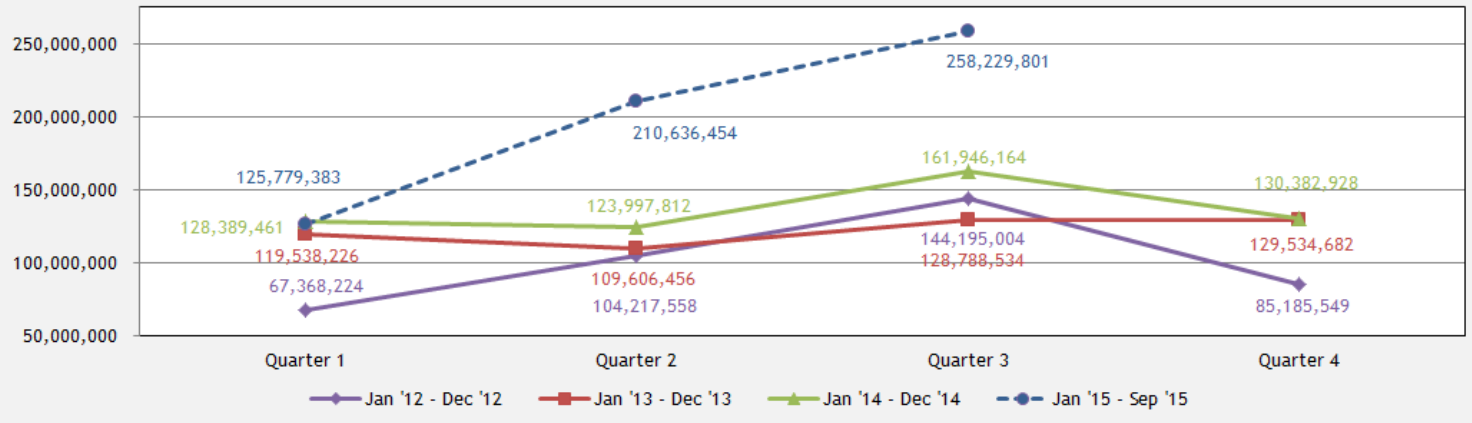
Total permits for the dwellings category (including single, duplex, and multiple family units) decreased by 70 permits, or 19.2% compared to the prior year. Single family unit permits increased by 71 permits, or 63.4%, compared to last year. Multiple family permits decreased by 139 permits, or 55.4%, compared to last year. The dwellings other category (including remodels, additions, and garages) increased by 260 permits, or 62.8%.

Boise Construction - Quarter 3

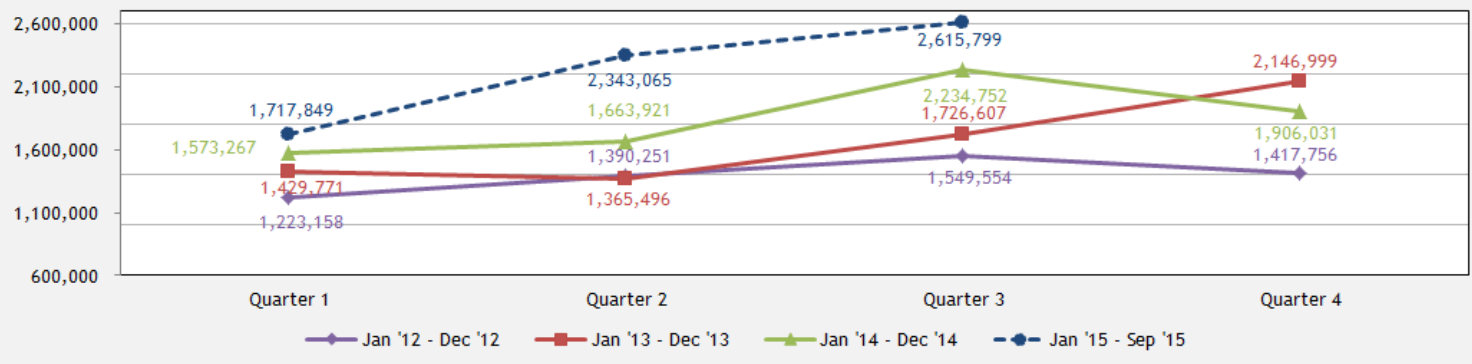
Type of Permits	Jul '14	Jul '15	Aug '14	Aug '15	Sep '14	Sep '15	Q3 '14 Total	Q3 '15 Total
Dwellings								
Single Family	36	50	44	86	32	47	112	183
Duplex	0	0	2	0	0	0	2	0
Multiple	36	30	32	26	183	56	251	112
Total Dwellings	72	80	78	112	215	103	365	295
Dwellings Other	142	210	130	256	142	208	414	674
Commercial Construction	101	87	103	99	135	92	339	278
Trade Permits	1,509	1,548	1,279	1,504	1,256	1,471	4,044	4,523

Construction Activity (continued)

Total Permit Revenue - Quarterly



Total Permit Value - Quarterly



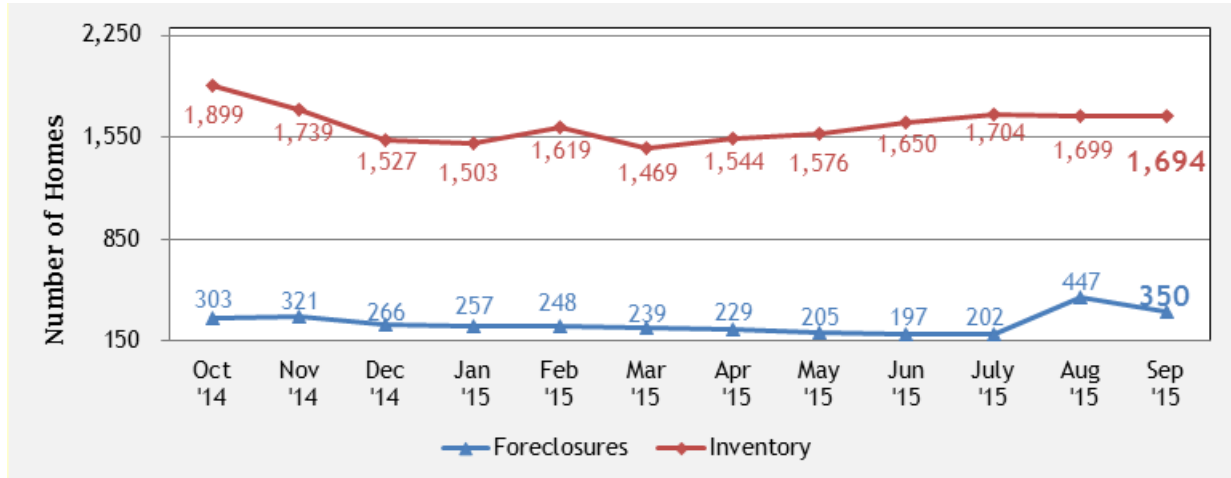
Total Permit Volume - Quarterly



Housing Trends (latest available data) —

According to the latest Corelogic home price index (HPI) report in September, home prices for Idaho increased by 5.8% over last year, which is below the national average of 6.4%. Total inventory decreased by 21.2% over last year. Total foreclosure inventory numbers decreased 3.0% over last year however, there were some unusual increases in the recent data. The next issue will provide additional data to determine if the recent increases are concerning.

Housing Trends

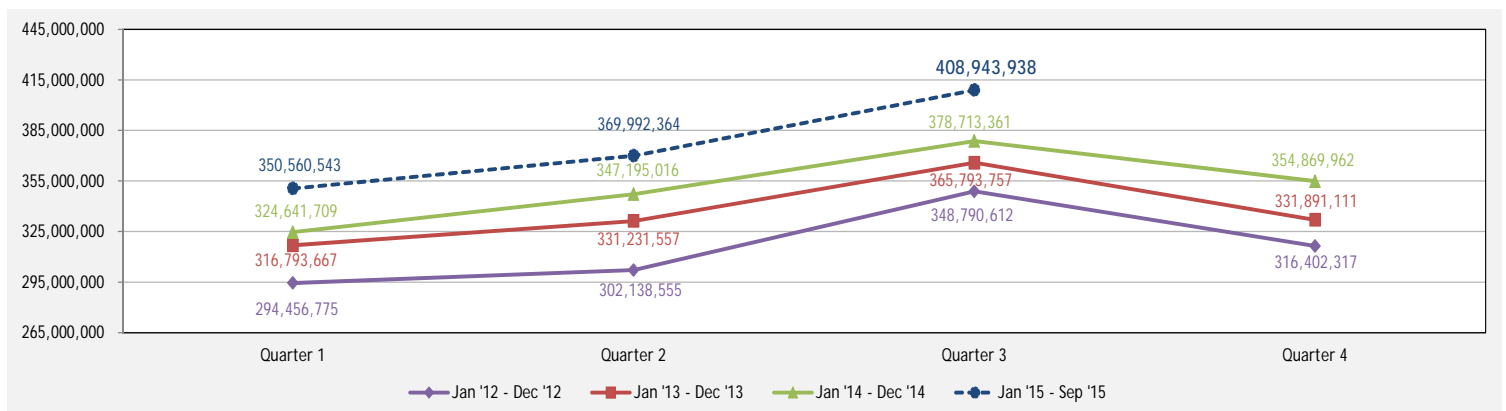


Source: www.trulia.com and www.corelogic.com

State Sales Tax ↑

The City shares sales tax revenue with the State and receives its portion on a quarterly basis. A total of 11.5% of gross sales tax collections is shared with cities across Idaho. The cities share of revenue is a function of relative property value and proportionate population. The chart below reflects the gross sales tax collected by the State. Gross sales tax collected in the third quarter increased by \$30.2M, or 8.0%, when compared to last year. Compared to the prior quarter, gross sales tax increased by \$39.0M, or 10.5%. The gross sales tax collection trend remains consistently higher than previous years.

Gross Sales Tax - Quarterly

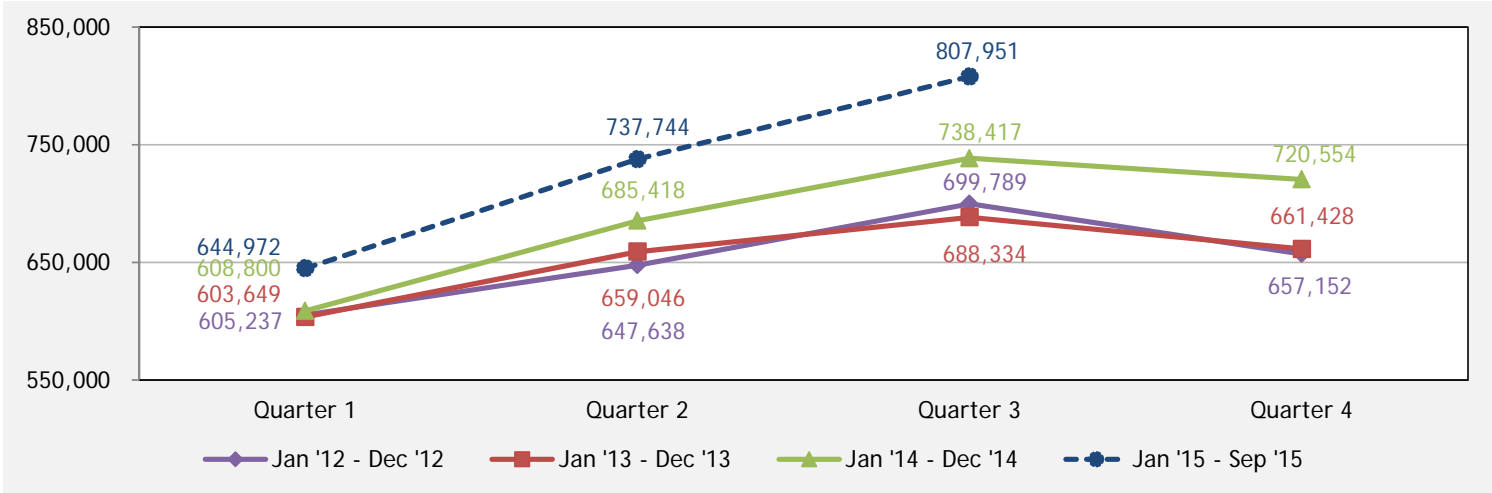


Source: Idaho State Tax Commission

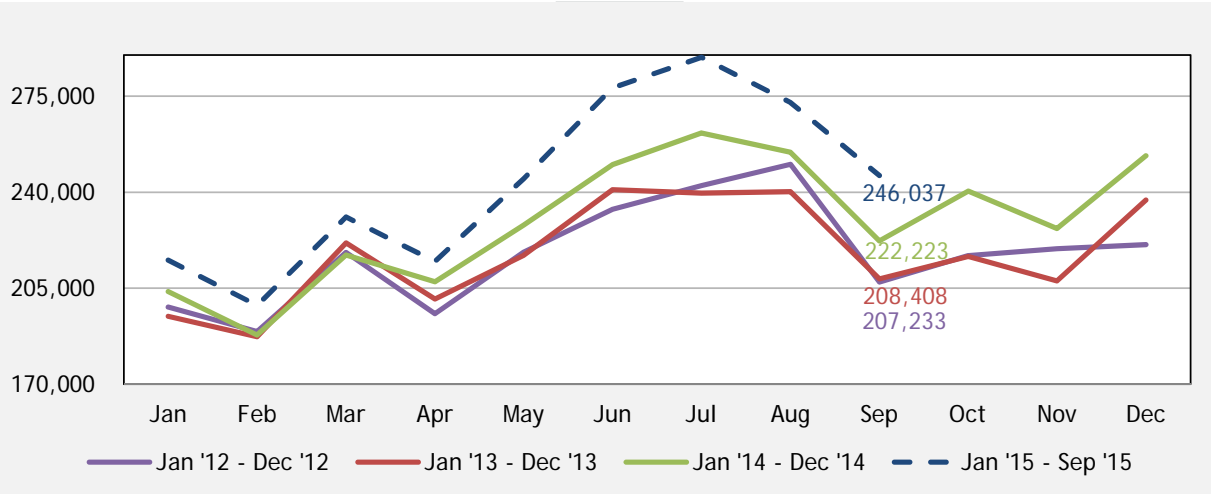
Airport Passenger Traffic ↑

The number of air passengers can be a strong indicator of the global and local economic environment. During the third quarter, total passenger traffic increased by 69,534 passengers, or 9.4%, compared to last year. Compared to the prior quarter, total passenger traffic increased by 70,207, or 9.5%. The addition of new flights at the Boise Airport has the potential to positively affect the local economy, particularly when air traffic demand remains high.

Total Passenger Traffic - Quarterly



Total Passenger Traffic - Monthly



Source: Department of Aviation, City of Boise